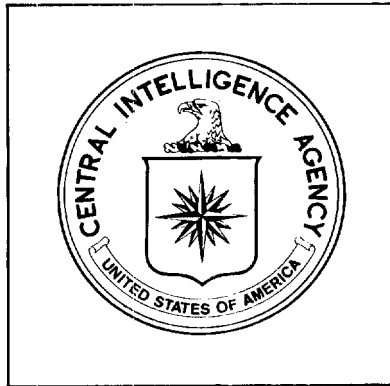


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WESTERN EUROPE — CANADA — INTERNATIONAL ORGANIZATIONS

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Ankara Will Delay Retaliation Against the US

Ankara reportedly will delay for at least another month any retaliation for the halt in US military assistance, but pressures are growing for at least a token gesture against the US.

As a result of Secretary Kissinger's visit to Ankara in mid-March, Foreign Minister Esenbel is reportedly hopeful that some steps will be taken to restore the aid program by the end of April. Esenbel does not believe that any action will be taken against US military installations before that time, according to [REDACTED]

Undoubtedly intending to impress the US with the gravity of the situation and exert pressure for a restoration of aid, Esenbel took a similar line in a conversation with Ambassador Macomber on March 19. He said he was deeply disturbed by the postponement of any congressional legislation to restore US military assistance to Turkey. He tried to correct what he said was a false impression that Turkey was being "softened up" and that the danger of retaliation against the US was passing. The Foreign Minister emphasized that the only reason retaliation had not been taken in recent days was the confidence the Turkish leadership had in US assurances that the cutoff legislation would be reversed.

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Esenbel said that Former Prime Minister Ecevit had warned that the US government was becoming too complacent and recommended closing a US installation and moving against it. Esenbel said that he had resisted the suggestion but is convinced that the forces favoring such retaliation cannot be held off much longer.

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The Turkish General Staff, although concerned and angered by the arms embargo, had decided against closing down US bases as a response. [REDACTED] that the decision was made at a meeting of the General Staff on March 14, at which the recent visit of Secretary Kissinger to Ankara was reviewed. The senior officers--and President Koruturk--reportedly remain fundamentally opposed to the expulsion of the US bases or the withdrawal of Turkey from NATO. The Staff is aware that its short-term problems of acquiring critical spare parts and its longer-term plans for modernization of the Turkish armed forces cannot be met by any other source but the US. Even though West German military aid is about to be restored, it is viewed as insufficient. [REDACTED] that the Turkish government will act on the basis of the decisions of the Turkish General Staff and the President, not the public statements of either the Foreign Minister or the Prime Minister, both of whom have hinted at retaliation.

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The press, meanwhile, continues to play up stories that some installations will be closed temporarily pending a resumption of US aid. Prime Minister Irmak is quoted as stating that "after waiting for one month, we will put into effect the measures we are going to take." He is also quoted as stating, "if US aid is not resumed, a review of our participation in NATO will be a definite necessity."

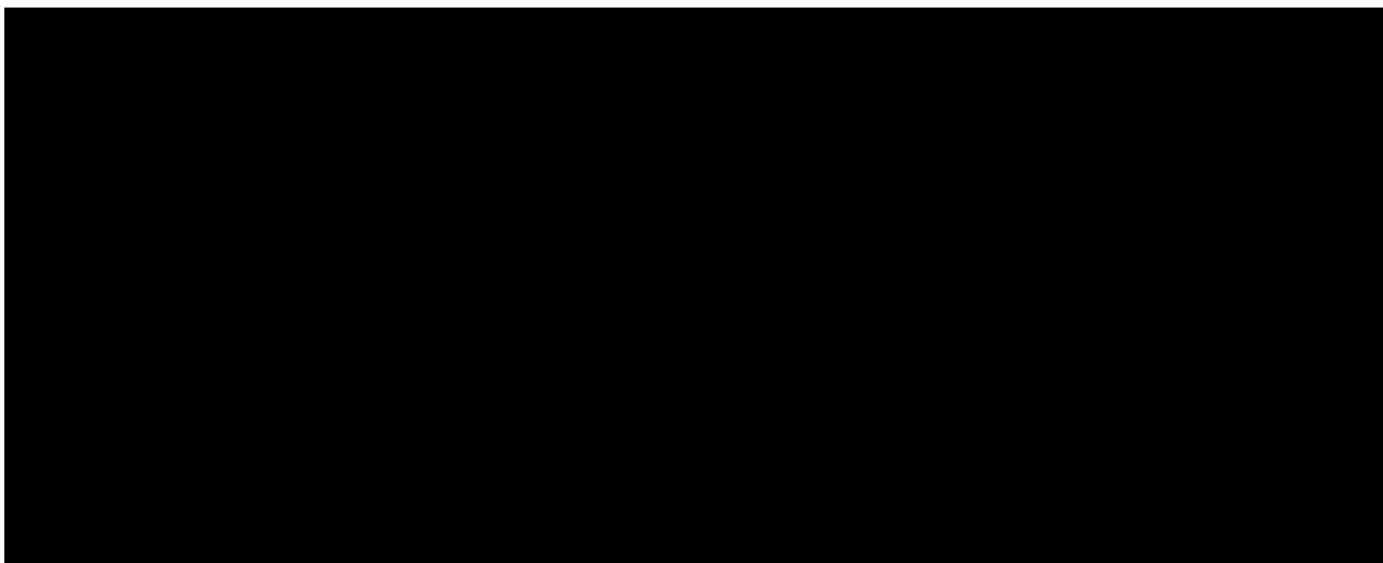
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Such public statements may be intended for domestic consumption and designed to put pressure on the US. Ambassador Macomber notes that the US might have a bit more time now that prospects are somewhat brighter for a new government being formed in Ankara. (Secret No Foreign Dissem/ Background Use Only)

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Controversy Jeopardizes Canadian Sale of
Nuclear Reactor to Argentina

Canada's sale of a nuclear power reactor to Argentina is threatened by a dispute over additional safeguard arrangements.

The deadlock in the negotiations reportedly developed because of Ottawa's insistence that strict safeguards be applied to the technology Canada will furnish Argentina, along with the reactor and the natural uranium to fuel it.

In addition to the safeguards provided for by the International Atomic Energy Agency, Argentina is said to be willing to accept special safeguards on the equipment and material that Canada proposes to sell. The Peron government, however, is resisting Canadian efforts to put safeguards on all nuclear material Argentina subsequently processes--even material from other sources--as long as Canadian technology is used.

The policy struggle in Ottawa over safeguards versus reactor sales was highlighted by the recent statement reportedly made by an official of Atomic Energy of Canada Limited, a governmental corporation charged with marketing nuclear reactors, technology and materials abroad. The official reportedly said that overreaction by Canadian politicians to the 1974 Indian explosion of a nuclear device--which used material from a Canadian-supplied reactor--has made it all but impossible to sell Canadian nuclear products.
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Foreign Policy Debates in Denmark and Sweden

Annual foreign policy debates held in Denmark and Sweden on March 18 and 19 respectively did not produce any dramatic surprises.

| 1, 2 + 3

The Danish debate provided the first glimpse of the new Social Democratic government's foreign policy. Foreign Minister Andersen's presentation reaffirmed the traditional tenets of Danish foreign policy--the commitment to NATO, membership in the EC and in the UN.

| 2 + 3

Deviations from the traditional line were evident in Andersen's treatment of Indochina policy and the Danish relationship with the EC. Andersen said that Denmark intends to expand contacts with all parties involved in the Indochina conflict including the PRG, and support observer status for the PRG in international forums. The Danish government may increase contacts between Foreign Ministry officials and PRG information officers, but probably will not duplicate French and Swedish moves to increase the status of PRG information offices in Paris and Stockholm.

| 2 + 3

Andersen emphasized political cooperation among EC countries, which until now has taken a back seat to economic cooperation. In fact, the Danish government has actively opposed political union in the past.

| 2 + 3

The Swedish foreign policy statement did not address the current controversy over Swedish neutrality although it was given some

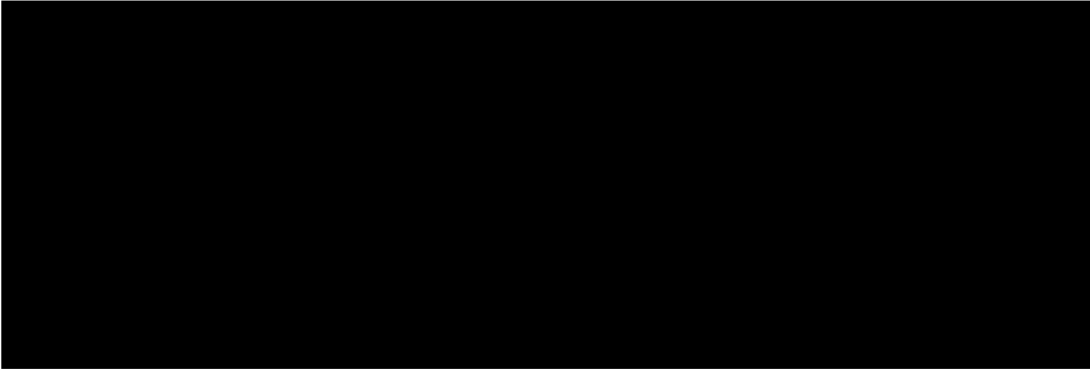
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exposure in the debate that followed. The Soviet Union, Finland, and some Swedish leftists have criticized the government for joining the International Energy Agency and for Swedish participation in the competition for replacement of the F-104, which they claim are violations of Swedish neutrality. In the rather lackluster debate, the government reiterated its claim that neither action is a violation of Sweden's "active neutrality" and that the strict application of neutrality demands case by case decisions. (Confidential)



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British Prime Minister Wilson Faces Hurdles
Before EC Referendum

Anti-EC sentiment within the Labor Party will test Prime Minister Wilson's ability to hold his party together and convince the electorate to vote to stay in the EC. 2

Wilson recently has suffered several setbacks to the scenario he appears to have developed for the campaign leading to the EC referendum scheduled for late June. Earlier this week, seven of the 23 ministers in his cabinet voted against having the government recommend that Britain stay in the EC. 2

This show of strength, along with the attempt by Wilson to establish rules of conduct for cabinet members during the campaign, apparently encouraged the dissenting cabinet officials to rally opposition to the government's recommendation. Their motion already has been signed by 140 members of the Labor party's members in parliament, including two dozen ministers and whips, and a majority of Labor members is expected to sign the motion eventually. Despite the opposition of these Laborites, the government with the help of the Tories and Liberals should be able to secure passage of legislation providing for the referendum. 2

The next hurdle--and perhaps the most important one--faces Wilson next week when the leftist-dominated National Executive Committee of the Labor party meets to discuss its pre-referendum strategy. Well over half of the committee's 29 members are sponsoring a motion 1

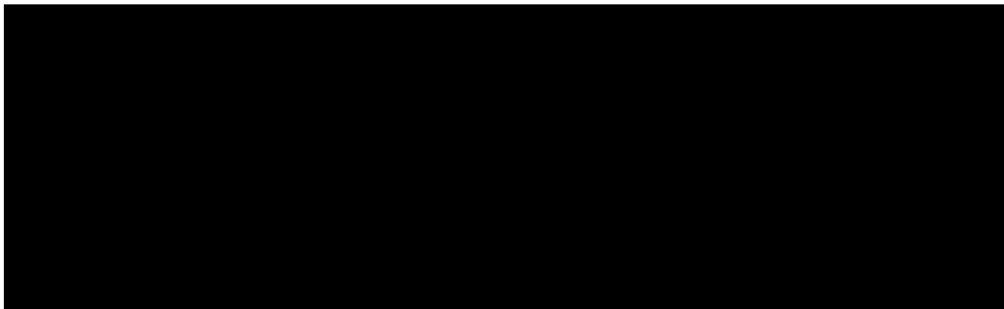
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2 | that would recommend to the special Labor Party conference scheduled for mid-May--but which will probably be held earlier--that the party campaign for Britain's withdrawal from the EC. Although Wilson has been aware that the executive committee and the Labor Party itself are opposed to EC membership, he was hopeful that the party conference would refrain from taking a stand for or against.

1
2 | Although Wilson had little choice but to renegotiate Britain's terms of membership in the EC and to hold the referendum if he hoped to hold the Labor Party together, he was well aware that such a scenario was risky. Over the next few weeks he and other respected cabinet moderates, such as Callaghan and Healey, undoubtedly will try to convince conference members not to support the executive committee's motion. If they fail, and if the electorate opts to pull out of the EC against Wilson's advice, there may be calls for Wilson's resignation. There are, however, no other Labor Party leaders with Wilson's ability capable of working with both wings of the party. (Confidential No Foreign Dissem)

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Soviet Proposal May Bring Progress on
Important CSCE Issue

A new Soviet proposal may provide the basis for a compromise on the prior notification of military maneuvers, perhaps the most troublesome issue remaining at the European security conference.

The Soviets have consistently resisted the desire of some West Europeans and neutrals to give CSCE a military content. Although several military "confidence-building measures" were put on the agenda, only the one dealing with the prior notification of military maneuvers has seemed to have a chance of emerging in a form that would have much practical effect. The Soviets have staunchly resisted a measure that would apply to military movements not associated with maneuvers, and the West no longer seems inclined to insist. The two confidence-building measures that have already been approved are minor, dealing with exchange visits of military personnel and bilateral and voluntary exchanges of observers at maneuvers.

The Soviet delegation chief and other Soviet representatives in Geneva have said within the last week that they could accept prior notification of both national and multinational maneuvers to all CSCE participants, providing the notification is given "on a voluntary basis." The Soviets have added that even though the measure would be voluntary, they would feel themselves under a "moral and political obligation" to comply. They have hinted that if the West would agree to make the measure voluntary, Moscow would be willing to make its provisions more specific.

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2 | Western delegates have reacted to the Soviet proposal positively but cautiously. They welcome the willingness to include national as well as multinational maneuvers and to notify all CSCE participants. Many of them even seem inclined to agree to make the measure voluntary if the area to be covered and the size of maneuvers that will require notification can be made more specific. Most of the Western delegates are now awaiting instructions from their governments.

2 | Even though the West may eventually go along with the Soviet proposal, some of the delegates in Geneva are well aware that making the measure voluntary could make it meaningless. The Dutch representative thought that such a measure would represent nothing more than "what we could have done if we stayed home." The Canadian representative asked why, if the Soviets do not intend to withhold notification, they wish to make the measure voluntary. The West German representative requested that the Soviets agree to make explicit the point that the measure would be "morally and politically binding."

2 | The neutral participants were more critical of the new Soviet approach, but even they seemed ready to try to strike a compromise. Only the Romanian representative flatly rejected the Soviet proposal and threatened to hold up the work of the conference if the Soviets are not more forthcoming. (Confidential No Foreign Dissem)

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Ban on Church-sponsored Rally in Madrid
Strains Church-State Relations

The cancellation by the security police of a church-sponsored assembly last weekend has prompted protests from some priests and laity, who may try to defy the government's ban tomorrow.

The long-planned assembly was to have brought together some 1,500 clergy and laity on the weekends of March 15-16 and 22-23, with Cardinal Tarancon, head of the Spanish Bishops, presiding. The police justified the "suspension" with a statement that some extremist political elements planned to use the meetings to promote hostile reactions against the government.

Police concern may have had some basis in fact. A priest involved in the assembly preparations told a US embassy officer that a substantial number of leftist priests and laity had proposed to use the conference to criticize the government's suppression of human rights in Spain. The source claimed, however, that no altercation would have occurred, as a primary interest of the participants was to avoid giving the government an excuse to intervene.

The cancellation prompted various protest actions, including a refusal by priests to say mass in some 24 Madrid parishes last Sunday, and a protest by the National Commission on Justice and Peace, headed by Christian Democratic leader Ruiz Gimenez.

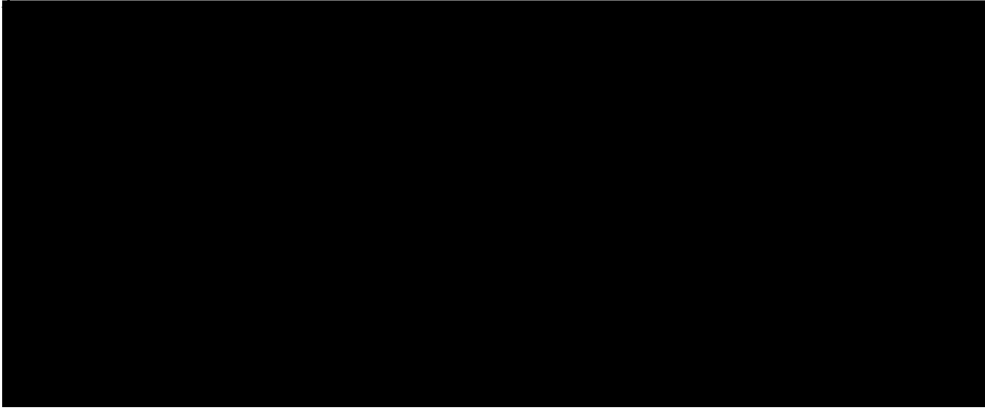
Cardinal Tarancon's reaction was unexpectedly mild, criticizing the government actions but also taking the priests to task for failing to

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carry out their clerical duties. Activist priests are increasingly disillusioned with Cardinal Tarancon's leadership and are threatening to try to hold the aborted assembly with or without the Cardinal.

The cancellation follows several recent church criticisms of the Franco regime that have strained relations, including a petition calling for the release of political prisoners. Church-state relations will be strained even further if the ban on the assembly is defied or if the government overreacts to the Cardinal's relatively mild criticism. (Confidential)



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